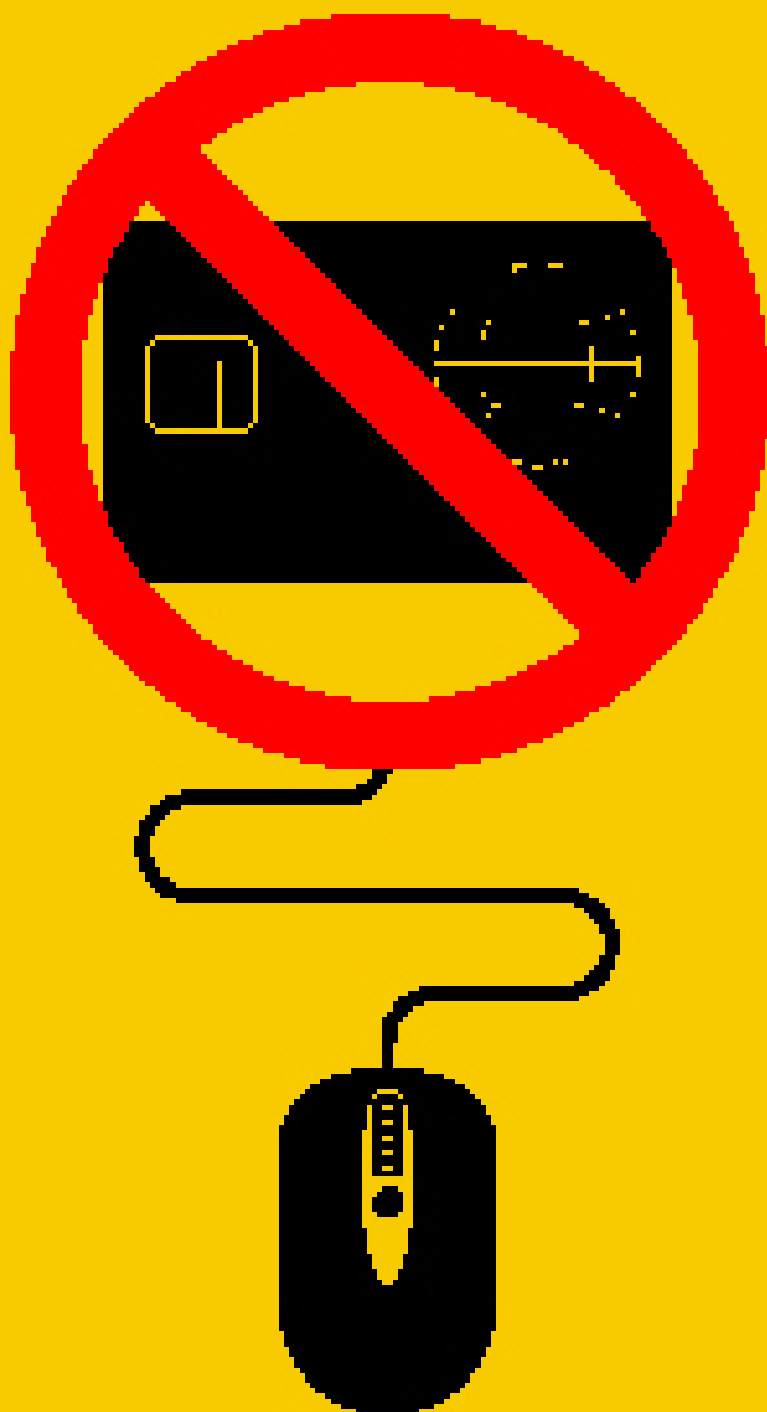


# Banking meltdown?

IT banking failures are increasingly common, leaving millions of customers locked out of their accounts. In some cases, customers are then falling prey to scammers. Here's how to protect yourself



BY STEPHEN LITTLE

A slew of banking system failures over recent years has resulted in millions of customers being unable to use their accounts, with Barclays, HSBC, NatWest, RBS and TSB hit in the past few months alone.

Customers have been left unable to pay their bills, sometimes leading to late payment charges and penalties. In extreme cases, people have been unable to complete important transactions, such as a house purchase or paying for a wedding.

Hannah Maundrell, editor-in-chief at Money.co.uk, says: "Bank branches are closing left right and centre, meaning many people rely heavily on their online banking and app services. With these being so unreliable, people are struggling to access their money when they need it, which is unfair and unacceptable."



**Sorry, Internet Banking is currently unavailable.**

We're carrying out essential maintenance so please try again later. We're sorry for any inconvenience.

See [tsb.co.uk/status](http://tsb.co.uk/status) for updates.

The most high-profile case this year is the IT meltdown TSB suffered in April when around 1.9 million online customers were locked out of their bank accounts and mobile apps. It happened when an upgrade involving migrating vast amounts of customer data to a new platform went wrong. TSB received more than 135,000 complaints and the cost of the meltdown reached £176 million.

Customers complained of being unable pay their credit cards and mortgage bills, leaving them facing charges. Some said that they were able to see the details of other customers.

### Whis is this happening?

Legacy systems at banks were originally set up for branch banking and are up to 40 years old in some cases.

Over the years, banks have bolted on technology upgrades to existing systems, making them more complex.

Nick Hammond, lead adviser for financial services at World Wide Technology, says: "These failures are happening largely because of the complexity of the systems and organisational design.

"Because of the need to compete with new entrants coming to the market, banks are facing significant amount of cost pressure and are trying to move to a more agile operating model."

Experts have warned that there are further incidents to come as age-old legacy systems continue to leave most of the major banks at risk.

# How not to go into the red

UK regulators are so alarmed, banks are also now required to make sure back-up plans are in place and that they can get their systems up and running again within two days.

## Avoid the scammers

Fraudsters are exploiting the confusion over IT failures by taking advantage of worried customers.

Following the TSB IT meltdown this year, 1,300 customers reported losing money from their accounts. National crime and cyber-reporting centre Action Fraud received more than 300 reports of fake emails, texts and calls in May – 10 times as many as the previous month.

Many of the scam emails looked genuine and contained the TSB logo along with details of the system failure.

If you think you are a victim of fraud, you should contact your bank immediately. Where eligible, banks should refund stolen money as a result of fraud the day after you report the problem.

Lara Xenoudakis, detective chief inspector of the City of London Police's National Fraud Intelligence Bureau, says: "Your bank will never call you out of the blue and ask you to divulge your details, PIN or password. They will not say there has been some fraudulent activity on the account or there is an insider on the branch.

"We advise people who are cold-called to put the phone down and find the genuine number from the website and if possible call on a different phone line.

"Do not open links in unexpected emails or texts and make sure that if you are approached this way, you're not pressured into acting. Then go to the genuine website and make your own enquiries. Call the bank and say you have received an email and that you are aware of it."

## Get compensation

Customers who cannot access their accounts can claim compensation for any losses or knock-on costs.

You will need to prove the loss, so gather as much evidence as you can. Note down what went wrong, the details of the companies involved and charges you faced.

If you miss a payment for a loan, credit card or a mortgage, this could affect your credit rating. Contact your lender as you may be able to get the black mark on your credit score removed.

If you feel your bank has not dealt with the complaint satisfactorily, contact the Financial Ombudsman.

## Protect against future outages

It makes good sense to have back-up plan. If you put some money in a second bank account, you will be able to access cash if there are problems with your main account.

It is also good idea to set up direct debits for bills so that if your banking app goes down you will still be able to make a payment.

Tashema Jackson, money expert at uSwitch.com, says: "If it seems like the outage will result in you missing the payment, let your bank know straight



"If the bank calls me, I'll hang up and call back"

## "I don't think I will ever bank with TSB again"

Annette Ridlington, 35, lost thousands from her bank account with TSB earlier this year after fraudsters hacked her account.

The mental health nurse, from Eastbourne, first noticed something was up when her card was declined while out shopping.

When she checked her account, she saw a number of transactions she did not recognise.

Money had also been transferred from the Lloyds account she has with her partner. In total, fraudsters managed to steal £3,650. A week later, thieves took a further £850.

Annette says she was surprised

she was hacked as she has always been very security conscious.

"I'm careful about phishing and I never click on any links. Even when the bank calls me, I put the phone down and then contact them. I don't trust anyone when it comes to banks and the internet," she says.

She says TSB called her to apologise, refunded her and offered her £250 compensation.

"I didn't think the amount was enough and it wasn't worth the trauma. It was a lot of stress and I am still suffering now. I was having nightmares about not having any money in my account. I have switched to Lloyds and I'm a lot happier."

TSB says Annette was the victim of a phishing scam, but she isn't so sure.

"If you'll miss a payment, let your bank know straight away"

away. It may also help to let anyone who is expecting a payment know, just in case. Most will be completely understanding and won't penalise you in these circumstances."

## Consider switching

If you are unhappy with your bank, you may want to consider switching.

Earlier this year, comparison website GoCompare reported a 100% rise in customers using its current account comparison service following the chaos caused by TSB's IT meltdown.

Georgie Frost, consumer advocate at GoCompare, says: "A lack of confidence in the current technology at their existing bank is a reason people are looking to move to those with better reputations."

She adds: "There are however, positive reasons that people are looking to switch. Many banks will offer free gifts or money to get you through the doors." **mw**